THE

DICKENSON

GROUP OF COMPANIES

ANNUAL REPORTS 1976

DICKENSON MINES

ROBIN RED LAKE MINES
(Dickenson Mines Subsidiary)

KAM-KOTIA MINES

AS A GROUP from inception to December 31, 1976 have produced mineral wealth as follows:

2,001,119	ounces of GOLD
6,538,756	ounces of SILVER
163,076,704	pounds of COPPER
175,387,362	pounds of ZINC
61,909,629	pounds of LEAD

DIVIDENDS TOTAL		Per Share
DICKENSON MINES	$11,182,000	$3.35
KAM-KOTIA MINES	$ 2,640,340	$ .62
ROBIN RED LAKE MINES	$ 3,407,000	$1.14

Presenting Your Company's New Corporate Symbol. The cover features the new corporate logo for the Dickenson Group of Companies. A graphic "D" and "G" for Dickenson Group, its design has movement and dimension representing the ideals and substance of the Dickenson Group of Companies.

The circular shape shows forward movement, the concentric rings of the "D" stand for growth, expansion and concurrence of direction; the inward motion of drilling into the earth, and contour lines of a geological map. The "G" suggests a protective "umbrella" for the companies of the Group.

INDEX

REPORT TO THE SHAREHOLDERS
- Dickenson Group of Companies 2

FINANCIAL STATEMENTS
- Dickenson Mines Limited (Consolidated) 11
- Robin Red Lake Mines Limited 21
- Kam-Kotia Mines Limited (Consolidated) 27

REPORT OF OPERATIONS
- Dickenson Mines Limited (including Robin Red Lake Mines Limited) 19
- Kam-Kotia Mines Limited 35

INVESTMENT SCHEDULE 36

THE DICKENSON GROUP OF COMPANIES

REPORT TO SHAREHOLDERS

In presenting this report for the Dickenson Group of Companies, it is necessary to recognize the inter-relationship between the Companies. For this purpose, we have integrated the affairs of Dickenson Mines Limited, Robin Red Lake Mines Limited and Kam-Kotia Mines Limited into this one report.

The Financial Statements for each of these Companies as at December 31st, 1976, are contained herein, along with the respective Auditors' Reports.

EASTERN MINING OPERATIONS

Dickenson Mines and Robin Red Lake Mines Consolidated — Gold

EARNINGS

1976 was a difficult year for Dickenson and Robin, with both showing reduced revenues and earnings. The principal reasons for the decline were:

1) Lower gold prices received during the year.
2) Production decline from approximately 126,000 tons to 117,000 tons.
3) Roaster shutdown in order to comply with Ministry of Environment air pollution requirements and the subsequent construction of the arsenic bagging plant to remove arsenic trioxide from stack emissions.
4) Increased labour costs due to a contract negotiated in 1975.
5) Increased cost of materials, supplies, and services.
6) Increased underground exploration and development costs.

Consolidated earnings for 1976 after extraordinary items were $101,000 or $0.03 per share down 95.1% from $2,056,000 or $0.63 per share in 1975. Consolidated earnings before extraordinary items were down 93.1% from $2,038,000 in 1975 to $141,000 in 1976.

Consolidated revenues were down 28.4% from $9,587,000 in 1975 to $6,863,000 in 1976. This was due largely to a 23.1% decline in the bullion price received, from $160.41 (Can.) in 1975 to $123.32 (Can.) in 1976. The average price of gold during the year of 1976, on the London market, was $123.05 (Can.) per ounce.

While mine grade remained level with the previous year at .472 ounces Au ton, production was off from 126,307 tons to 117,459 tons, a decline of 7%. Ounces of gold produced declined 7% from 59,631 ounces to 55,488. Approximately 60% of this fall-off was due to the roaster shutdown in order to comply with the provincial government Ministry of Environment pollution requirements. This shutdown cost your company production of approximately 500 ounces per month from May 15th to October 4th, 1976. The balance of production fall-off was due primarily to stope maintenance and stope recycling.

During the first quarter of 1977, production has improved significantly averaging approximately 5,100 ounces per month.

OPERATIONS

Capital Spending

1976 saw a substantial investment in ~~capital pro~~jects at the mine site totalling approximately $1,500,000. The single largest expenditure was in the installation of an arsenic bagging plant in order to comply with certain governmental pollution requirements. Approximately $600,000 was spent on this project and latest estimates are that it should be operational by May of this year. Management expects that the company will be able to recoup substantially all of this investment over a period of time as the product from this bagging plant, arsenic trioxide, is marketable.

The balance of spending at the mine site was devoted to housing for new employees in the form of both house construction, and mine bunkhouse improvement. This

was carried out in an effort to attract and retain a more skilled workforce.

Exploration and Development

Underground diamond drilling averaged 4,617 feet per month in 1976, compared to 4,224 feet in 1975. Development footage also improved from 6,353 feet in 1975 to 6,772 feet in 1976. Not only did the improvement in footages for both exploration and development have the effect of increasing costs significantly, therefore affecting the companies' margins, but costs per foot also increased sharply. (For example, development footage costs increased from $84/foot to $110/foot, a 31% jump. The major factor contributing to this cost increase was increased labour costs).

During the year, the 800 foot exploration drive to the south and west on the thirtieth level was recommenced and is approximately 350 feet from its objective. The purpose of this drive is to test a theory that the rich south 'C' ore zone of the Campbell Mine is dipping onto the Dickenson property at depth. Should this theory prove correct, the mine life of Dickenson will be increased.

Further exploration and development within the mine was carried out with a fairly significant degree of success, both below the thirtieth level on the Robin property and above the fifteenth level on the Dickenson property. It is anticipated that on completion of further fill-in drilling, the ore reserve picture of the mine should be improved.

Consolidated ore reserves at the end of 1976 stood at 357,582 tons grading 0.536 ounces Au/ton, a decline from 393,057 tons grading 0.538 ounces Au/ton in 1975. The bulk of the decrease in ore reserves may be attributed to the elimination of marginal grade ore from the reserve calculation at year end. As gold prices improve, these ores would again be included in ore reserves provided they could be mined at a profit.

PROJECTED DEVELOPMENTS

The mine is currently undergoing independent cost and feasibility studies to determine if four new levels below the thirtieth level, on both the Dickenson and Robin, should be opened up. In order to develop these new levels, a substantial expenditure would be necessary to either deepen the internal shaft or drive a decline.

It is anticipated that these studies should be completed before the end of April and the recommendation acted upon before the end of the current year.

PROPOSED ONTARIO GOVERNMENT LEGISLATION

Recently, the Ontario Government has decided that social expenses (i.e., employee housing, mine bunkhouse, mine cookery, etc.) should no longer be eligible expenses for the calculation of Provincial Mining Taxes. This your management feels is wrong, particularly if the Provincial Government wants private industry to attract the employees necessary to "open-up the north". We feel that this type of expense is a legitimate cost of doing business and should therefore be tax-deductible.

Of even greater concern to management are the proposed recommendations of the Report of the Royal Commission on the Health and Safety of Workers in Mines (Ham Report). While we agree that it is the employer's responsibility to maintain safe working conditions for the employee, we do not agree that the employee should be given the right to be able to refuse to work in a place that management feels is safe but he does not, without disciplinary action. If all the recommendations of the Ham Report were to be implemented, it would cause your companies significant governmentally imposed cost increases.

WESTERN MINING OPERATIONS

Kam Kotia Mines (Operator), Silmonac Mines — Silver, Lead, Zinc

EARNINGS

Revenues from this operation increased to $1,284,000 from $1,169,000. However, due to substantial exploration expense, earnings decreased from $248,000 to $137,000.

Production from the Silmonac Mine in New Denver, B.C., was 18,402 tons grading 13.35 ounces Silver, 5.30% Lead and 4.86% Zinc. Average metal prices received in 1976 were $4.29 per ounce for Silver, 23.18¢ per pound for Lead, and 36.5¢ per pound for Zinc. Exploration expense was $315,700 or about 25% of total expense.

EXPLORATION AND DEVELOPMENT

From February 1976 on, all production came from below the adit level by a decline, using Load Haul Dump equipment. As the decline distance increases, the production capacity of the mining equipment decreases and the capability to continue development is reduced. In the east area development during the year, ore was found beyond the drill intersections down dip and along strike. A total of 6,000 feet of drilling was completed to test down dip extensions of the lode west of the cross-cut, with favourable results. To

develop this area, a decline was started late in the year and by March 1977, had reached the target area.

At the end of the year, positive ore reserves available for mining were limited and the production rate depends on development results and rate of development.

Probable and indicated ore reserves are estimated at 40,000 tons. During early 1977, an independent study of the property was made. A major development program is indicated, 1) to increase mine capacity, and 2) allow the potential of the lode to be explored and developed.

PROJECTED DEVELOPMENTS

The proposed plan involves reactivating the 3990 level, advancing this level about 1,000 feet and driving ore and waste passes plus ventilation raises to connect the decline, and service new levels to be established. The cost of the program is estimated at about $1,000,000 and several financing procedures are being considered. A start on the program could be made in the Spring of 1977.

Davis-Keays Mining Company — Copper — (Kam-Kotia 38%)

The number of claims held by the company in the Fort Nelson area of British Columbia, was reduced to 139 at the end of the year. More claims will be allowed to lapse during 1977.

The Dowa Mining Company, which holds a mortgage on the property, formally agreed to not execute rights of foreclosure under terms of the Davis-Keays debenture for a period of 5 years from April 1, 1976 and will extend this commitment for a further 5 years under certain conditions.

A development plan to increase ore reserves in the Eagle Vein was developed, but, economic conditions were unfavourable and the plan was deferred.

While copper prices have improved somewhat and the provincial royalty act was terminated, conditions are still not favourable for placing the mine in production.

Consolidated Churchill Copper Corp.

The company retains a 40% net interest in Churchill's remaining plant and equipment which is essentially the complete mill, buildings, and equipment except for the power plant which has been sold. It is policy to try to sell the mill as a complete package rather than on a piece by piece basis. A sale could materialize at any time this year.

The sum of $260,000 is still in escrow pending settlement of the claim by the British Columbia government for royalty payments. The dispute rests on priorities of the registered claims and encumbrances. Kam-Kotia is entitled to this money plus accrued interest in the event the dispute is settled in favour of Churchill. A decision is expected some time in 1977.

CORPORATE POLICY AND STRATEGY

It remains the principal objective of the management of your companies to remain in the natural resources industry. In an industry where there is uncertainty, there is also opportunity. The natural resource industry, particularly in Canada, is in such a position.

We still hold the view that investment in Gold and Energy Resources within this industry will provide shareholders with excellent return over both the short and long term. This does not preclude reviewing or becoming interested in projects that involve the exploration and/or development of other minerals.

It is however, our policy to actively pursue the areas within the industry that are less labour-intensive. These include the acquisition, exploration, or development of open pit mining reserves and/or oil and gas properties in Canada or the United States.

It is intended that the cash flow from current labour-intensive operations of this group be used to build the asset base upon which this group of companies will grow.

GOLD

1976 saw many developments in the bullion market commencing with the dramatic slide of gold from the $140 (U.S.) per ounce level in January to the late August level of approximately $103 (U.S.) per ounce.

The year began with business in recovery, the foreign exchange markets in relative stability, and inflation subsiding in most countries. While these factors in themselves are bearish for bullion, gold remained under the cloud of the proposed and executed International Monetary Fund gold auctions. On top of all this, anti-gold propaganda was prolific in both the U.S. and Europe.

A dramatic turnaround toward the end of the third quarter of 1976 came about as the International Monetary Fund auctions were consistently over bid in terms of ounces wanted, and price paid.

Concern also mounted that the incoming President of the U.S. would establish an economic policy which would rekindle inflation. Expectations of this helped

push bullion through the mid-$130 range. Uncertainties and instability were re-established in foreign exchange markets with the devaluations of the British Pound, the Italian Lira, the Mexican Peso, and continued pressure on the French Franc.

The above combination of events has established an upward trend for bullion prices. Continued concern over poor crops for 1977, as a result of disastrous winter weather, together with inflationary economic stimuli in most western countries seems to indicate gold will continue to sell in the $140 to $160 range for the balance of 1977.

With higher bullion prices, the earnings of your companies will undoubtedly improve thereby allowing increased internal development which should prolong the life of the mine, as well as permit continuation of the policy to broaden the investment base.

GOLD EXPLORATION PROJECTS

Abino Gold Mines Limited

(Dickenson 36.7%, Kam-Kotia 13.1%)

Surface exploration and diamond drilling costing in excess of $500,000 were carried out on the Abino property in the Red Lake area during 1975 and 1976, indicating a gold deposit of over 400,000 tons of .20 ounces grade of gold per ton.

In March 1977, a program of drilling to take advantage of ice conditions on East Bay, Red Lake was instituted. The purpose is to investigate anomalies indicated by a Gradient Magnetic survey with similar characteristics to the structures in which the gold mineralization was discovered. Three holes are planned to be completed by mid-April, 1977.

If successful, this could indicate that a further and larger program on the property would have to be carried out during the winter of 1977/78.

Gateford Mines Limited (Dickenson 10.2%)

Past surface diamond drilling on this property in the Kirkland Lake Gold Camp has indicated that further exploration in three areas of the Gateford property is warranted.

It has been recommended by the company's consulting geologist that underground diamond drilling from the old Golden Gate workings would be the best way to define two of these areas that located a gold vein during the 1974/75 drilling program. It has been recommended that the company should engage an independent mining engineer to determine the cost of carrying out that underground exploration program.

In view of better gold markets, the company is currently assessing this situation and it is anticipated that a decision to carry out these recommendations will be made during this year.

ENERGY

This past winter has made it clearly evident that continental North America must develop a long-term energy policy. If Canada is to retain a relative energy "self-sufficiency in-balance", it is absolutely mandatory that government, both provincial and federal, provide the necessary incentives that massive amounts of exploration, development and transportation capital be available for conventional oil and gas development from the western provinces and the Canadian frontiers. If these incentives are not in place in the very near term, then Canada will be looking at major energy deficits in the very short term.

Management continues to believe an exposure in the energy resources industry, which is one industry where product prices are continually regulated upwards, is of ultimate benefit to the shareholders in the years to come. This area also provides another of management's objectives in that while it may be severely capital intensive in the early stages, there is very low labour content downstream.

Your companies' exposure to the energy field is on two fronts, 1) petroleum and natural gas and 2) uranium.

ENERGY EXPLORATION PROJECTS

1. Petroleum and Natural Gas

Conventures Limited

(Dickenson 2.5%, Robin 2.5%)

As mentioned in previous reports, Dickenson and Robin entered into an agreement with Conventures in May of 1975 whereby they would finance and conduct drilling and exploration development of petroleum and natural gas rights owned by Conventures in return for shares of that company, and at the same time claim the expenses as deductions for income tax purposes.

Last year, Conventures enjoyed a healthy drilling success of both natural gas and oil wells in a number of different areas in Alberta. These wells should be coming on stream in the near future to provide the company with an increased cash flow. The gas plant in the Saddle Lake gas field in which Conventures has a 6.73% interest, came on stream in July of last year with "take or pay" provisions in the gas contract. Substantial cash flows from the gas sales from this plant will accrue to the company over the next few years.

THE DICKENSON GROUP OF COMPANIES

Conventures limited its participation in arctic and offshore drilling to its subscription to further shares in Panarctic Oils Limited. It also has a .9% gross overriding royalty interest in certain acreage in the Beaufort Sea, an area that will be very keenly watched this summer as Dome Petroleum Limited continues its massive exploration program.

The recently approved decision to bring on stream the Grizzly Valley gas field through the construction of a pipeline, should in the very near term have a positive effect on Conventure's cash flow through its holding of a royalty interest on that field. These gross royalty interests involve no further capital outlay by the company.

In addition to these and other participations, Conventures has an investment portfolio with a market value of some $15 million which includes a 22.13% ownership of Alberta Natural Gas Company Limited, an interest in Panarctic Oils Limited and various other securities including significant holdings in Ashland Oil (Canada) Limited.

For 1977, net production revenue for Conventures Limited and its wholly owned subsidiary Connick Petroleums Limited is expected to exceed $1 million, double the 1976 forecast. Further expansion in 1978 is anticipated with the startup of cash flow from several Alberta areas.

To date, Dickenson and Robin have an investment in Conventures of approximately $1,000,000. Your management feels that your companies' initial involvement in the petroleum industry through Conventures will provide the shareholders of Dickenson and Robin with long-term benefits and rewards in that industry via capable and experienced management at a minimum risk to the financial positions of both companies.

Kam-Kotia Mines Limited (Dickenson 48.9%)

Early in 1976, Kam-Kotia was successful in negotiating a 1.8% gross overriding royalty interest on some 213,000 acres in the Beaufort Sea on permits held by the Hunt Interests of Texas but optioned to Dome Petroleum. The lands lie approximately 35 miles to the northeast of last summer's indicated gas discovery well by Dome. During the proposed drilling season of 1977, two wells should be drilled in close proximity to this acreage. Your management will view with extreme interest the outcome of this 1977 drilling season.

On the Kam-Kotia properties in the Enchant aera of Alberta, on which a successful gas well was completed last year, Kam-Kotia and its partners have entered into a farm-out arrangement whereby a further well will be drilled in the near future. Should this well prove successful, then further development drilling would ensue.

Kam-Kotia and its partners have not yet been able to farm out its acreage in the Grand Prairie area, Alberta, but are endeavouring to do so and would expect to have a commitment one way or another on this acreage in the near term.

Kam-Kotia, Dickenson and Robin share equally a 12.6% interest covering approximately 100,000 acres of land in southern Ontario under which a fault structure, theoretically similar to that of the Michigan Basin, has been indicated. This land has recently been farmed out to a major Canadian corporation whose intention is to drill six wells over the coming summer. There are indications that this fault structure is some 60 miles in length and possibly as much as ½ a mile wide. If it proves to be a mirror image of the Albion Scipio Field in Michigan, then substantial recoverable reserves of oil and gas could be discovered.

Also in southern Ontario, Kam-Kotia entered into a partnership to drill an exploratory well in Kent County. It is anticipated that this well will be commenced in the early spring. A second well in Raleigh Township in which Kam-Kotia has an interest should be completed in the very near future.

Kam-Kotia is constantly reviewing energy projects in Canada and the United States and will continue to remain active in this area for the years to come.

2. Uranium

Amalgamated Rare Earth Mines Limited

(Kam-Kotia 12.0%)

In 1973, Amalgamated Rare Earth Mines Limited and Imperial Oil Limited, entered into a joint venture on the company's properties in Monmouth, Cardiff and Cavendish Townships in Ontario. Radiometric surveys and diamond drilling together with geophysical surveys and mapping have been carried out on the three properties.

Substantial uranium mineralization has been encountered on these properties. The structures that carry this uranium mineralization have been partially diamond drilled to a vertical depth of 300 feet. Should these structures continue to a vertical depth of 1,000 feet, it is estimated that they could carry in excess of 10,000,000 lbs. of U_3O_8.

In addition to these structures so far defined by Imperial, surface work has located a further eight new

zones of significant radioactivity. Surface drilling to test these zones will commence in the very near term.

If these properties are brought into production, Amalgamated Rare Earth will share immediately as to 50% of the cash flow from the operation. A decision of this nature on these properties should be made within the next 12 to 18 months.

Amalgamated Rare Earth also holds an interest in acreage in Northern Saskatchewan, lying on a cross-fault structure to the Athabasca Sandstone contact. It is in this area that a significant uranium discovery has been made within the past year and a half, namely the Key Lake deposits of Inexco et al.

Amalgamated intends to carry out ground radiometrics geological reconnaissance, and further mapping of this property in the early summer of 1977. Should the follow-up ground work warrant diamond drilling, management would endeavour to initiate such a program before the end of this year.

New Cinch Uranium Limited (Dickenson 20.4%)

New Cinch Uranium Limited has as its prime asset, a 50% holding in Gardex Mines Limited which has retained a 7½% royalty on 90% of the contained uranium oxide on the production from the property in Uranium City area of Saskatchewan.

This property was originally optioned to Eldorado which in turn has assigned its option to New Joburke Explorations Limited.

Mineable reserves exceeding 1.2 million pounds U_3O_8 in some 300,000 tons of ore are indicated in two separate zones, averaging 4 pounds per ton after applying a 30% dilution factor. New Joburke is currently planning, subject to permit applications, to commence an exploration program before the end of 1977.

Late in 1976, New Joburke received an initial contract from Atomic Energy of Canada to supply 220,000 pounds U_3O_8 at prices ranging from $47.50 per pound to $51.50 per pound.

The 7½% royalty, in which Cinch has a 50% interest, could be of considerable value over the next few years.

New Cinch also owns a 33⅓% interest in two concession blocks in the Athabasca Sandstone area in the general vicinity of Key Lake. Initial prospecting and emanometer surveying has outlined a number of radioactive targets for further investigation. This work is likely to proceed in 1977.

Glencair Mining Company Limited

(Kam-Kotia 36.1%)

Glencair holds two properties, both of them Uranium projects, one in Baldwin Township, Agnew Lake area, Ontario, and the other in the Athabasca Sandstone area of Northern Saskatchewan.

In Baldwin Township, the property has been drill tested by previous owners and uranium mineralization has been established along a strike of roughly 4,000 feet. The previous operators dropped the claims due to low uranium prices existing at that time. Today, the uranium values are viable with increased prices for uranium.

Geophysical surveys, including scintillometer work, have been carried out by Glencair and diamond drilling is recommended to start as soon as possible. A prospectus is being prepared to provide funds.

In the Athabasca area, the company's property has provided significant values of uranium from initial prospecting and it will be followed up this year by further radiometric surveys.

OTHER INTERESTS AND EXPLORATION PROJECTS

New Kelore Mines Limited — Gold, Uranium, Base Metals, Oil and Gas

(Kam-Kotia, 6.4%, Robin 3.1%)

Hollinger Mines Limited has made its lease payment for 1977 under the terms of the agreement relative to the company's Hislop and Guibord Townships' gold property.

New Kelore's uranium prospect in Burleigh Township is recommended for diamond drilling. From the scintillometer and magnetometer surveys which have been completed several drill targets are indicated. It is hoped to start drilling in the early summer.

Drilling is also planned for later in the year on the Argyle Township Input property — a base metal project.

A well is expected to be spudded on the company's oil and gas property (approximately 5,000 acres) in Orford Township, southern Ontario by the end of May. Kam-Kotia Mines Limited will participate in this project.

Completion of a well on a property (approximately 3,000 acres) in Raleigh Township in southern Ontario, in which the company shares a 20% interest with Kam-Kotia is expected to take place before the middle of May.

THE DICKENSON GROUP OF COMPANIES

Robison Mines Limited — Base metals

(Kam-Kotia et al. 29.3%)

Exploration continued during the year under Cominco's direction, and 4,418 feet of diamond drilling was completed in six holes.

The drilling tested a band of acid tuffs indicated by previous drilling. Two of the holes drilled located about 500 feet apart, cut sections of sulphides, from massive to semi-massive at vertical depth between 900 and 980 feet. The best section, (5 feet) graded 0.80% Cu., 13.2% Zn., and 0.74 ounces silver per ton.

The 1976 program cost $99,348 and Kam-Kotia and associates did not participate in financing the program. As a result, at the end of 1976, Kam-Kotia and associates hold 640,000 shares and Cominco is entitled to 1,541,568 shares.

The proposed exploration program for 1977 is costed at $106,700, and Kam-Kotia has the right to participate to the extent of 29.3%. The program proposed is to drill two 2,000 feet holes to test down dip potential of the zone cut by the 1976 drilling at a depth of about 1,500 feet.

Cobalt Refinery and Townsite

(Kam-Kotia 100%)

The Cobalt plant and property was returned to the company in February, 1976. A complete inventory of all equipment is being prepared, and sales of equipment were made during the year. Further sales are pending at the time of writing.

An offer to purchase the land and buildings (excluding the townsite) for $100,000 was accepted in January, 1977, with closing date one month from date of approval for severing the property. The purchase should be completed by early May, 1977. The payment basis is cash on closing. The equipment is **not** included in this sale. The company has one year from closing date to remove all inside equipment from buildings and 2 years to remove outside equipment.

On February 12, 1977, an offer to purchase the adjoining townsite for $250,000 was accepted, with closing date one day after closing date for the plant buildings.

While much of the plant equipment is still not sold, there is considerable interest in most items, and, much of the equipment remaining could be sold in 1977.

DIVIDENDS

During the year, Dickenson paid a dividend of $0.05 per share and Robin paid a dividend of $0.10 per share.

APPRECIATION AND ACKNOWLEDGEMENTS

The Boards of Directors of each of the Companies in the Dickenson Group again wish to extend their appreciation to all the employees and staff for their loyalty, co-operation and efforts throughout the year to increase the efficiency of the Companies' operations.

Submitted on Behalf of the Boards of

DICKENSON MINES LIMITED

ROBIN RED LAKE MINES LIMITED

KAM-KOTIA MINES LIMITED

A. W. WHITE, President and Director.

H. VANCE WHITE, Vice-President and/or Director.

Processing a new gold brick — L to R Cooling, Descaling, Cleaning, Sampling

DICKENSON MINES LIMITED

DIRECTORS	A. W. WHITE	Toronto, Ont.
	C. R. DIEBOLD President, First Empire State Corporation	Buffalo, N.Y.
	F. A. FELL	Toronto, Ont.
	F. R. GRAHAM President, Graymont Limited	Montreal, P.Q.
	S. C. SMITH	Orangeville, Ont.
	H. V. WHITE	Toronto, Ont.
	G. H. SCOTT	Willowdale, Ont.
OFFICERS	ARTHUR W. WHITE	President
	CHARLES R. DIEBOLD	Vice-President
	H. V. WHITE	Vice-President
	H. RODNEY HEARD	Secretary-Treasurer
	JAMES GEDDES	Assistant Secretary
HEAD OFFICE	390 Bay Street, Suite 1402 Telephone 361-0402	Toronto, Ont.
MINE MANAGER	Robert P. Tapper, P.Eng.	
MINE OFFICE	Balmertown, Ontario	
AUDITORS	Gardner, McDonald & Co.	Toronto, Ont.
BANKERS	Canadian Imperial Bank of Commerce	Toronto, Ont.
	The Bank of Nova Scotia	Toronto and Balmertown, Ont.
REGISTRAR AND TRANSFER AGENTS	Sterling Trust Corporation	Toronto, Ont.
	Bank of New York	New York City, N.Y.
	The First Jersey National Bank	Jersey City, N.J.
STOCK LISTED	Toronto Stock Exchange — symbol DML	
ANNUAL MEETING	Monday, May 9, 1977, at 10:30 a.m. (Toronto Time) Confederation Room, Royal York Hotel, Toronto, Ontario.	

SUMMARY

5 YEAR RECORD CONSOLIDATED WITH ROBIN RED LAKE MINES

	1976	1975	1974	1973	1972
Bullion Production *	$ 6,863	$ 9,587	$ 10,935	$ 7,199	$ 5,105
Depreciation *	326	223	173	126	114
Other Income *	218	253	274	102	33
Minority Interest *	25	236	354	188	94
Net Profit before extraordinary item *	141	2,038	3,079	1,590	479
Net Profit after extraordinary item *	101	2,056	1,611	1,830	—
Net Profit per share	4¢	62¢	93¢	48¢	33¢
Net profit per share after extraordinary item	3¢	63¢	49¢	56¢	13¢
Dividends paid per share	15¢	35¢	35¢	15¢	5¢
Shares issued	3,556,000				
Tons of ore milled *	117	126	151	149	156
Grade (ozs./ton) Millheads	0.509	0.508	0.491	0.521	0.594
Ozs. of gold produced	55,488	59,631	68,094	71,951	86,397
Ore Reserves (Tons) *	357	393	437	445	452
Grade (ozs./ton)	0.536	0.538	0.532	0.555	0.555
Employees	230	235	223	226	227
Shareholders	4,200	4,400	4,400	4,400	4,000
Share Price Range — High	6.50	10.38	12.00	4.60	3.25
— Low	2.40	4.45	4.35	1.90	.85

* In thousands

Consolidated Statement of Income

For the year ended December 31, 1976

	1976	1975
Revenue		
Bullion production	$6,863,000	$9,587,000
Expense		
Mining	4,188,000	3,425,000
Milling	1,047,000	938,000
Mine management, office and general	1,152,000	965,000
Head office administration and general	396,000	383,000
Marketing	45,000	54,000
	6,828,000	5,765,000
Operating Income Before Undernoted Items	35,000	3,822,000
Depreciation (note 1(d))	326,000	223,000
Outside exploration written-off (note 1 (c))	87,000	49,000
	413,000	272,000
Income (Loss) From Mining Operations	(378,000)	3,550,000
Investment and Other Income		
Dividends, interest and net results of security transactions	218,000	253,000
Shares of gains (losses) of effectively controlled companies	(20,000)	43,000
	198,000	296,000
Income (Loss) Before Taxes, Minority Interest and Extraordinary Items	(180,000)	3,846,000
Income and Mining Taxes		
Income taxes (recovery) — current	(335,000)	1,089,000
— deferred (note 1 (e))	2,000	76,000
Mining taxes (recovery)	(13,000)	407,000
	(346,000)	1,572,000
Income Before Minority Interest and Extraordinary Items	166,000	2,274,000
Minority Interest	25,000	236,000
Income Before Extraordinary Items	141,000	2,038,000
Share of extraordinary gains (losses) of effectively controlled companies	(40,000)	18,000
Net Income for the Year	$ 101,000	$2,056,000
Earnings per share:		
Before extraordinary items	$0.04	$0.62
After extraordinary items	0.03	0.63

See notes to financial statements.

ASSETS

	1976	1975
Current		
Cash and short-term deposits	$ 142,000	$ 2,211,000
Bullion on hand and in transit, at net realizable value	416,000	346,000
Accounts receivable	113,000	154,000
Marketable securities, at cost (quoted market value $834,000; 1975 — $743,000)	818,000	765,000
Income and mining taxes recoverable	511,000	331,000
Prepaid expense	24,000	19,000
	2,024,000	3,826,000
Long-Term Investments (notes 1(b) and 3)	3,927,000	3,919,000
Oil and Gas Interests (note 4)	973,000	611,000
Fixed, at cost		
Buildings, machinery and equipment	8,723,000	7,245,000
Less: Accumulated depreciation (note 1(d))	6,476,000	6,182,000
	2,247,000	1,063,000
Mining claims	459,000	459,000
Townsite lots	136,000	124,000
	2,842,000	1,646,000
Other, at cost		
Interest in and expenditures on outside mining properties (note 1(c))	472,000	641,000
Interest in and expenditures on outside oil and gas properties (note 1(c))	49,000	27,000
Stores and supplies	1,146,000	1,010,000
Deposits	6,000	6,000
Deferred charges	290,000	123,000
	1,963,000	1,807,000
	$11,729,000	$11,809,000

See note

Consolidated Balance Sheet

December 31, 1976

LIABILITIES

	1976	1975
Current		
Bank indebtedness	$ 264,000	$ —
Accounts payable	943,000	744,000
Income and mining taxes payable (note 1(e))	—	392,000
	1,207,000	1,136,000
Deferred Income Taxes (note 1(e))	415,000	413,000
Minority Interest in Subsidiary Company	358,000	401,000

SHAREHOLDERS' EQUITY

	1976	1975
Capital Stock		
Authorized		
3,750,000 shares of $1 each		
Issued		
3,556,000 shares	3,556,000	3,556,000
Contributed Surplus	1,550,000	1,550,000
Retained Earnings	5,640,000	5,702,000
	10,746,000	10,808,000
Deduct: Company's share of Kam-Kotia Mines Limited holdings of 570,609 shares (560,509 in 1975) of Dickenson Mines Limited at a cost to Kam-Kotia of $2,038,000 ($1,941,000 in 1975)	997,000	949,000
	9,749,000	9,859,000

Approved on behalf of the Board:

A. W. WHITE, Director.

F. A. FELL, Director.

	1976	1975
	$11,729,000	$11,809,000

ncial statements.

Consolidated Statement of Retained Earnings

For the year ended December 31, 1976

	1976	1975
Balance at Beginning of the Year	$5,702,000	$4,797,000
Net income for the year	101,000	2,056,000
	5,803,000	6,853,000
Dividends paid	163,000	1,151,000
Balance at End of the Year	$5,640,000	$5,702,000

Consolidated Statement of Changes in Financial Position

For the year ended December 31, 1976

	1976	1975
Source of Funds		
Funds provided from operations (note 8)	$ 553,000	$2,617,000
Repayment of portion of advances to Jameland Mines Limited	—	20,000
	553,000	2,637,000
Application of Funds		
Dividends paid	163,000	1,151,000
Dividends paid by subsidiary to minority shareholders	68,000	305,000
Purchase of fixed assets	1,522,000	613,000
Increase in stores and supplies	136,000	63,000
Investment in and advances to other companies	356,000	929,000
Exploration expenditures on outside mining, gas and oil properties (net)	14,000	155,000
Increase in deferred charges	167,000	67,000
	2,426,000	3,283,000
Decrease in Funds During the Year	1,873,000	646,000
Funds at Beginning of the Year	2,690,000	3,336,000
Funds at End of the Year	$ 817,000	$2,690,000
Represented by working capital:		
Current assets	$2,024,000	$3,826,000
Less: Current liabilities	1,207,000	1,136,000
	$ 817,000	$2,690,000

See notes to financial statements.

Notes to Consolidated Financial Statements

For the year ended December 31, 1976

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies followed by the company are in accordance with accounting principles generally accepted by the mining industry in Canada. The comments following pertain to those of particular significance in the view of management.

(a) Basis of Consolidation

These consolidated financial statements include the accounts of the company and all subsidiaries. Investments in effectively controlled companies are accountd for by the equity method.

(b) Long-Term Investments

The investment in shares of effectively controlled companies is carried at cost adjusted by the company's share of their earnings or losses since effective control was acquired. Other long-term investments are carried at cost with an allowance for estimated decline in value of investments below the stated cost.

(c) Exploration and Development Expenditures

Interest in the expenditure on outside mining, gas and oil properties is deferred in the accounts to be amortized when production from them is attained or written off when disposition of them occurs.

(d) Depreciation and Depletion

Land, buildings, machinery and equipment are carried at cost. When such assets are retired or otherwise disposed of, the cost of the assets and the related accumulated depreciation are removed from the accounts. Any gain or loss on retirements is reflected in the earnings for the year. Depreciation is recorded in the accounts on the straight-line method at the rate of 15% per annum on buildings, machinery and equipment.

The company has never followed the practice of providing for depletion of its mining claims.

(e) Income Taxes

The company and its subsidiaries follow the tax allocation method of accounting whereby the provision for income taxes is based upon income reported in the accounts after providing for allowances permissable under Federal and Provincial taxation statutes. Any difference between these taxes and taxes currently payable for the year which arise from allowances for depreciation and exploration expenditures for income tax purposes in excess of those recorded in the accounts are reflected as Deferred Income Taxes.

2. INTEREST IN AND EXPENDITURE ON MINING PROPERTIES AND INVESTMENTS IN OTHER DEVELOPMENT MINING COMPANIES

The value of investments in companies accounted for on the equity basis is determined from the book value per outstanding share of capital stock attributed to those companies. Dickenson's proportion of the unamortized interest in and expenditure on mining properties and investments in other development mining companies amounting to $1,805,000 forms part of such value which can be realized only from future earnings of those companies. Dickenson's interest in and expenditure on its own outside mining, oil and gas properties in the amount of $521,000 can only be realized from the future commercial success of those properties.

3. LONG-TERM INVESTMENTS

	1976	1975
Investments in companies accounted for by the equity method:		
Shares		
Kam-Kotia Mines Limited		
2,097,608 shares (quoted market value, $1,090,000; 1975 — $1,217,000)	$2,407,000	$2,480,000
Other	918,000	775,000
	3,325,000	3,255,000
Loans and Advances		
Jameland Mines Limited	—	220,000
Other	52,000	25,000
	52,000	245,000
	3,377,000	3,500,000
Portfolio investments, at cost		
Listed shares (quoted market value $336,000; 1975 — $344,000)	1,848,000	1,412,000
Other shares, bonds, advances and participations	1,315,000	1,749,000
	3,163,000	3,161,000
	6,540,000	6,661,000
Less: Allowance for decline in value	2,613,000	2,742,000
	$3,927,000	$3,919,000

The quoted market values referred to above do not necessarily represent the realizable value of these holdings which may be more or less than that indicated by market quotations.

4. OIL AND GAS INTEREST

Investment in Conventures Limited (note 5)

	1976	1975
Shares (quoted market value $700,000; $283,000 in 1975)	673,000	311,000
Notes	300,000	300,000
	973,000	611,000

Interest-bearing notes issued by Conventures Limited are due December 31, 1979, and are convertible into common shares of Conventures at $3.25 each at any time up to maturity. They are secured by 15,000 shares of Alberta Natural Gas Co. Ltd.

5. CONVENTURES AGREEMENT

By agreement dated May 13, 1975, between Robin Red Lake Mines Limited, Dickenson Mines Limited and Conventures Limited, Robin and Dickenson combined, committed to expend a total of $300,000 annually from 1975 to 1977 both inclusive to conduct programs of exploration, drilling and development of certain of Conventures' petroleum and natural gas rights and properties. Upon election, and providing they are not in default, Robin and Dickenson combined, have options to increase their commitments for each of the calendar years 1976 and 1977 by any amounts determined by them at the time of such election up to $300,000, and during the calendar years 1978 and 1979 to commit to

expend one-half of the amounts committed for 1976 and 1977. To summarize, Robin and Dickenson combined, are committed to expend a total of $900,000 from May 13, 1975 to December 31, 1977, have options to expend a further $300,000 during each of 1976 and 1977 and a further $600,000 in each of 1978 and 1979. Expenditures committed but not incurred in any one year may be carried forward to be incurred in a future year of the term of the agreement.

Robin and Dickenson did not elect to increase their commitment for 1976.

On January 12, 1977, pursuant to the agreement, Dickenson and Robin advised Conventures, in writing, of their intention to increase their 1977 commitment in respect of exploration and development of Conventures' petroleum and natural rights and properties to $450,000, and Conventures extended to July 31, 1977 to Dickenson and Robin the right to elect to increase their commitment for 1977 expenditures in exploration of petroleum and natural gas rights and properties owned by Conventures to $600,000.

In view of the commitments made by Dickenson and Robin to expend funds in exploration of petroleum and natural gas rights and properties held by Conventures in 1976 and 1977, they have the right to expend $375,000 for this purpose in each of 1978 and 1979. If Dickenson and Robin elect prior to July 31, 1977 to increase their 1977 commitment to expend funds in exploration of petroleum and natural gas rights and properties held by Conventures to $600,000, Dickenson and Robin will then have the right to expend $450,000 in each of 1978 and 1979 for this purpose.

In consideration of expenditures incurred, Robin and Dickenson are entitled to receive one common share of Conventures for each $3.00 expended by them pursuant to the agreement. Should Conventures, at any time on or before December 31, 1977 or December 31, 1979, whichever date applies, sell any of its shares as a result of a public offering or private placement at a price less than $3.00 per share, the new price at which shares of Conventures are to be issued to Robin and Dickenson in consideration of their expenditures on exploration and development pursuant to the agreement and subsequent to the date of sale of such shares by Conventures shall be equivalent to the price at which Conventures sold such shares.

Each of Robin and Dickenson is entitled to deduct its portion of expenditures pursuant to the agreement in the determination of its income subject to Canadian Income Tax.

The portion of the expenditures incurred by each of Robin and Dickenson is determined from time to time by mutual agreement between them.

By December 31, 1976, each of Robin and Dickenson had incurred expenditures of $300,000 and in consideration thereof each of them had received 100,000 shares of Conventures Limited. Robin and Dickenson have agreed that all shares acquired by them, pursuant to the agreement, are acquired as an investment and not with a view to resale or distribution.

In the event Conventures varies its capital structure, Robin and Dickenson are entitled to maintain their proportionate equity interest in Conventures on terms that are the same as, or comparable to, those pertaining to the variation in Conventure's capital structure.

6. LOAN TO OFFICER

As December 31, 1976, there was a loan outstanding to an officer of the company in the amount of $24,000 secured by an interest-bearing real estate mortgage.

7. STATUTORY INFORMATION

Remuneration of directors and senior officers during the year ended December 31, 1976, amount to $145,000 ($136,000 in 1975).

In addition, the company paid $186,000 during the year ended December 31, 1976, ($170,000 in 1975) to Mid-North Engineering Services Limited for management, accounting, secretarial and office services.

8. FUNDS PROVIDED FROM OPERATIONS

	1976	1975
Net income for the year	$ 101,000	$2,056,000
Charges (credits) not affecting funds		
Loss on disposal of investments	—	38,000
Provision for depreciation	326,000	223,000
Outside exploration written off	87,000	49,000
Deferred income taxes	2,000	76,000
Minority interest in earnings of subsidiary	25,000	236,000
Share of loses (gains) of effectively controlled companies	60,000	(61,000)
Other	(48,000)	—
	$ 553,000	$2,617,000

9. ANTI-INFLATION LEGISLATION

The companies are subject to restraint of profit margins, prices, dividends and compensation of employees under the terms of the Anti-Inflation Act and Regulations.

10. RECLASSIFICATION

Certain amounts in the 1975 consolidated financial statements have been reclassified to conform to the presentation adopted in 1976.

AUDITORS' REPORT

To the Shareholders
Dickenson Mines Limited

We have examined the consolidated balance sheet of Dickenson Mines Limited as at December 31, 1976, and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, subject to the realization of interest in and expenditure on mining, oil and gas properties and investments in other development mining companies as explained in note 2, these consolidated financial statements present fairly the financial position of the company as at December 31, 1976, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 9, 1977.

GARDNER, McDONALD & CO.,
Chartered Accountants.

REPORT OF OPERATIONS — DICKENSON & ROBIN

	DICKENSON		ROBIN	
Ore Milled	81,883	tons	35,576	tons
Recovery — Gold	30,968.967	ounces	24,519.221	ounces
— Silver	3,284.084	ounces	1,426.848	ounces
Grade of Ore Milled — Gold	0.408	ounces per ton	0.743	ounces per ton
Average Value Received — Gold	$123.32	per ounce		
Total Value Received — Gold	$3,819,230.86		$3,023,819.47	
— Silver	$14,005.47		$6,085.00	

MINING

	DICKENSON	ROBIN
Development (Drawn Tons)	4,738	5,162
Stopes and Stope Development (Drawn Tons)	77,904	30,414
Total Break in Tons	76,902	33,889
Total Tons Hoisted	82,621	35,576

	TONS	GRADE	TONS	GRADE
Broken Ore Reserves	41,452	0.449	2,643	0.882

MILLING

Summary of Mill operations with the previous year given for comparison.

	1976	1975
Tons Treated (includes 35,576 tons of Robin ore in 1976 and 34,925 in 1975)	117,459	126,307
Percent Operating Time	84.05	84.65
Tons Treated Per Day	320.93	346.05
Average Value of Millheads in ounces of Gold per ton	0.509	0.508
Average Value of Milltails in ounces of Gold per ton	0.037	0.036
Recovery in ounces of Gold per ton	0.472	0.472
Percent Recovery	92.76	92.87

DEVELOPMENT

	DICKENSON	ROBIN
Crosscutting (Includes Slashing)	705.6′	—
Drifting (Includes Slashing)	3,065.4′	1,309.4′
Raising (Includes Slashing)	561.9′	1,130.5′
Underground Diamond Drilling	42,611′	12,797′
Surface Diamond Drilling	—	—

PROVEN ORE RESERVES

Dickenson

At December 31, 1975	311,694 tons grading 0.483 ozs. gold per ton
At December 31, 1976	276,582 tons grading 0.475 ozs. gold per ton
Decrease	35,112 tons

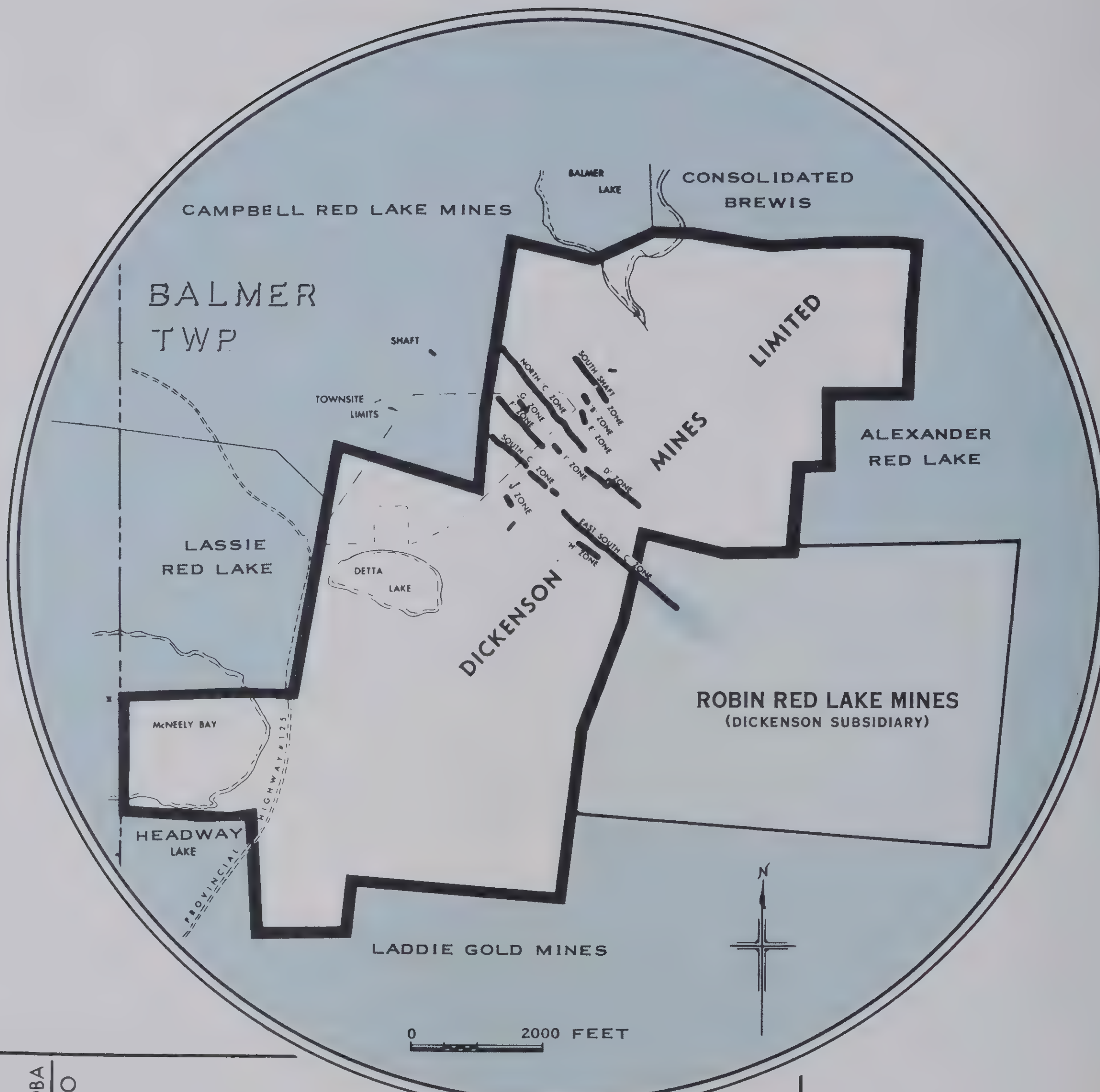
Location of the Ore Reserves — 79% between 14th and 30th levels.

Robin

At December 31, 1975	81,363 tons grading 0.748 ozs. gold per ton
At December 31, 1976	80,800 tons grading 0.745 ozs. gold per ton
Decrease	563 tons

Location of the Ore Reserves — 100% between 15th and 26th levels.

R. P. TAPPER,
Mine Manager.


CAMPBELL RED LAKE MINES
BALMER LAKE
CONSOLIDATED BREWIS
BALMER TWP
SHAFT
TOWNSITE LIMITS
DICKENSON MINES LIMITED
ALEXANDER RED LAKE
LASSIE RED LAKE
DETTA LAKE
ROBIN RED LAKE MINES
(DICKENSON SUBSIDIARY)
McNEELY BAY
HEADWAY LAKE
PROVINCIAL HIGHWAY #125
LADDIE GOLD MINES
N
0 2000 FEET


MANITOBA
ONTARIO
Red Lake
BALMERTOWN
Ear Falls
163 AIR MILES
Lac Seul
Sioux Lookout
WINNIPEG
Vermilion Bay
Kenora
Dryden
Lake Nipigon
17
Lake of the Woods
U. S. A.
LOCATION MAP
Thunder Bay
Lake Superior
0 50 100 miles

ROBIN RED LAKE MINES LIMITED

DIRECTORS	A. W. WHITE	Toronto, Ontario
	H. V. WHITE	Toronto, Ontario
	F. A. FELL	Toronto, Ontario
	H. R. HEARD	Willowdale, Ontario
	J. GEDDES	Mississauga, Ontario
	D. F. BURT	Toronto, Ontario
	H. S. DOLSON	Etobicoke, Ontario
OFFICERS	ARTHUR W. WHITE	President
	H. VANCE WHITE	Vice-President
	H. RODNEY HEARD	Secretary
	JAMES GEDDES	Treasurer

HEAD OFFICE — 390 Bay Street, Suite 1402, Toronto, Ontario
Telephone 361-0402

MINE OFFICE — Balmertown, Ontario

AUDITORS — GARDNER, McDONALD & CO., Toronto, Ontario

BANKERS — THE BANK OF NOVA SCOTIA, Toronto, Ontario

REGISTRAR AND TRANSFER AGENTS — STERLING TRUST CORPORATION, Toronto, Ontario

ANNUAL MEETING — Monday, May 9, 1977, at 9:15 a.m. (Toronto Time)
Confederation Room, Royal York Hotel, Toronto, Ontario.

ROBIN RED LAKE MINES LIMITED

Balance Sheet—December 31, 1976

ASSETS

	1976	1975
Current		
Cash and short-term deposits	$ 226,000	$ 990,000
Accounts receivable	17,000	29,000
Due from parent company — Dickenson Mines Limited	145,000	25,000
Marketable securities, at cost (quoted market value $178,000; $184,000 in 1975)	173,000	186,000
Income and mining taxes recoverable	112,000	104,000
	673,000	1,334,000
Long-Term Investments, at cost (note 2)	255,000	155,000
Oil and Gas Interest (note 3)	487,000	306,000
Fixed, at cost		
Buildings, machinery and equipment	152,000	152,000
Less: Accumulated depreciation	96,000	73,000
	56,000	79,000
Mining claims (note 4)	75,000	75,000
Townsite lots	24,000	24,000
	155,000	178,000
Other, at cost		
Interest in and expenditures on outside mining properties	3,000	17,000
Interest in and expenditures on outside oil and gas properties	21,000	11,000
	24,000	28,000
	$1,594,000	$2,001,000

LIABILITIES

	1976	1975
Current		
Accounts payable	$ 5,000	$ 5,000
Ontario mining tax payable	—	217,000
	5,000	222,000

SHAREHOLDERS' EQUITY

	1976	1975
Capital Stock		
Authorized		
3,000,000 shares without par value		
Issued		
3,000,000 shares	825,000	825,000
Retained Earnings	764,000	954,000
	1,589,000	1,779,000
	$1,594,000	$2,001,000

Approved on behalf of the Board:

A. W. WHITE, Director.
H. R. HEARD, Director.

See notes to financial statements.

ROBIN RED LAKE MINES LIMITED

Statement of Income and Retained Earnings

For the year ended December 31, 1976

	1976	1975
Revenue		
Bullion production	$3,030,000	$3,710,000
Expense		
Mining	1,610,000	928,000
Milling	317,000	259,000
Fees and charges for the use of underground and surface facilities of parent company	427,000	419,000
Mine management, office and general	576,000	250,000
Head office administration and general	137,000	117,000
Marketing	20,000	21,000
	3,087,000	1,994,000
Operating Income (Loss) Before Undernoted Item	(57,000)	1,716,000
Depreciation of buildings, machinery and equipment	23,000	23,000
Income (Loss) From Mining Operations	(80,000)	1,693,000
Investment and Other Income		
Interest	76,000	145,000
Dividends	14,000	8,000
Gain on disposal of securities	4,000	—
	94,000	153,000
Income Before Income and Mining Taxes	14,000	1,846,000
Income taxes (recovery)	(83,000)	569,000
Mining taxes (recovery)	(13,000)	215,000
	(96,000)	784,000
Net Income for the Year	110,000	1,062,000
Retained Earnings at Beginning of the Year	954,000	1,242,000
	1,064,000	2,304,000
Dividends paid	300,000	1,350,000
Retained Earnings at End of the Year	$ 764,000	$ 954,000
Earnings per Share	$ .04	$ .35

See notes to financial statements.

ROBIN RED LAKE MINES LIMITED

Statement of Changes in Financial Position

For the year ended December 31, 1976

	1976	1975
Source of Funds		
Funds provided from operations (note 5)	$ 133,000	$1,085,000
Amount received for assignment of oil and gas leases	14,000	—
	147,000	1,085,000
Application of Funds		
Increase in oil and gas interest	181,000	306,000
Dividends paid	300,000	1,350,000
Purchase of fixed assets	—	3,000
Increase in long-term investments	100,000	25,000
Exploration expenditure on outside properties	10,000	28,000
	591,000	1,712,000
Decrease in Funds During the Year	444,000	627,000
Funds at Beginning of the Year	1,112,000	1,739,000
Funds at End of the Year	$ 668,000	$1,112,000
Represented by working capital:		
Current assets	$ 673,000	$1,334,000
Less: Current liabilities	5,000	222,000
	$ 668,000	$1,112,000

See notes to financial statements.

AUDITORS' REPORT

To the Shareholders
Robin Red Lake Mines Limited

We have examined the balance sheet of Robin Red Lake Mines Limited as at December 31, 1976, together with the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally acceped auditing standards and, accordingly included such tests and other procedures as we considered necesary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1976, and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 9, 1977.

GARDNER, McDONALD & CO.,
Chartered Accountants.

Notes to Financial Statements

For the year ended December 31, 1976

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies followed by the company are in accordance with accounting principles accepted by the mining industry in Canada. The comments following pertain to those of particular significance in the view of management.

(a) Depreciation and Depletion

Depreciation has been recorded in the accounts using the straight line method at the rate of 15% per annum.

The company has never provided for the depletion of its mining claims.

(b) Exploration and Development Expenditures

Interest in and expenditure on outside mining, oil and gas properties is deferred in the accounts to be amortized when production from them is attained or written off when disposition of them occurs.

2. LONG-TERM INVESTMENTS

	1976	1975
This item comprises:		
11½% subordinated notes — Sterling Trust Corp., due June 30, 1978	$ 100,000	$ —
Guaranteed trust certificates — Sterling Trust Corp.	100,000	100,000
200,00 shares of New Kelore Mines Limited (quoted market value $24,000; $27,000 in 1975)	30,000	30,000
Notes receivable from other companies	25,000	25,000
	$ 255,000	$ 155,000

The quoted market values referred to above do not necessarily represent the realizable value of these holdings which may be more or less than indicated by market quotations.

3. OIL AND GAS INTERESTS

	1976	1975
Investment in Conventures Limited (note 7)		
Shares (quoted market value $350,000; $143,000 in 1975)	$ 337,000	$ 156,000
Notes	150,000	150,000
	$ 487,000	$ 306,000

Interest-bearing notes issued by Conventures Limited are due December 31, 1979, and are convertible into common shares of Conventures at $3.25 each at any time up to maturity. They are secured by 7,500 shares of Alberta Natural Gas Co. Ltd.

4. MINING CLAIMS AND PROPERTIES

The company's mining claims and properties were acquired in July 1945 in consideration for the issue of 1,000,000 shares. For accounting purposes, such shares were assigned a value of 7½ cents per share — this being the approximate average issue price of various other shares which were issued for cash pursuant to the provisions of an agreement entered into during the same month in 1945.

5. FUNDS PROVIDED FROM OPERATIONS

	1976	1975
Net income for the year	$ 110,000	$1,062,000
Charge not requiring use of funds		
Provision for depreciation	23,000	23,000
Funds provided from operations	$ 133,000	$1,085,000

6. STATUTORY INFORMATION

Remuneration of directors and senior officers during the year ended December 31, 1976, amount to $9,000 ($9,000 in 1975).

In addition, the company paid $90,000 during the year ended December 31, 1976, ($75,000 in 1975) to Mid-North Engineering Services Limited for management, accounting, secretarial and office services.

7. CONVENTURES AGREEMENT

By agreement dated May 13, 1975, between Robin Red Lake Mines Limited, Dickenson Mines Limited and Conventures Limited, Robin and Dickenson combined, committed to expend a total of $300,000 annually from 1975 to 1977 both inclusive to conduct programs of exploration, drilling and development of certain of Conventures' petroleum and natural gas rights and properties. Upon election, and providing they are not in default, Robin and Dickenson combined, have options to increase their commitments for each of the calendar years 1976 and 1977 by any amounts determined by them at the time of such election up to $300,000, and during the calendar years 1978 and 1979 to commit to expend one-half of the amounts committed for 1976 and 1977. To summarize, Robin and Dickenson combined, are committed to expend a total of $900,000 from May 13, 1975 to December 31, 1977, have options to expend a further $300,000 during each of 1976 and 1977 and a further $600,000 in each of 1978 and 1979. Expenditures committed but not incurred in any one year may be carried forward to be incurred in a future year of the term of the agreement.

Robin and Dickenson did not elect to increase their commitment for 1976.

On January 12, 1977, pursuant to the agreement, Dickenson and Robin advised Conventures, in writing, of their intention to increase their 1977 commitment in respect of exploration and development of Conventures' petroleum and natural gas rights and properties to $450,000 and Conventures extended to July 31, 1977 to Dickenson and Robin the right to elect to increase their commitment for 1977 expenditures in exploration of petroleum and natural gas rights and properties owned by Conventures to $600,000.

In view of the commitments made by Dickenson and Robin to expend funds in exploration of petroleum and natural gas rights and properties held by Conventures in 1976 and 1977, they have the right to expend $375,000 for this purpose in each of 1978 and 1979. If Dickenson and Robin elect prior to July 31, 1977 to increase their 1977 commitment to expend funds in exploration of petroleum and natural gas rights and properties held by Conventures to $600,000, Dickenson and Robin will then have the right to expend $450,000 in each of 1978 and 1979 for this purpose.

In consideration of expenditures incurred, Robin and Dickenson are entitled to receive one common share of Conventures for each $3.00 expended by them pursuant to the agreement. Should Conventures, at any time on or before December 31, 1977 or December 31, 1979, whichever date applies, sell any of its shares as a result of a public offering or private placement at a price less than $3.00 per share, the new price at which shares of Conventures are to be issued to Robin and Dickenson in consideration of their expenditures on exploration and development pursuant to the agreement and subsequent to the date of sale of such shares by Conventures shall be equivalent to the price at which Conventures sold such shares.

Each of Robin and Dickenson is entitled to deduct its portion of expenditures pursuant to the agreement in the determination of its income subject to Canadian Income Tax.

The portion of the expenditures incurred by each of Robin and Dickenson is determined from time to time by mutual ageement between them.

By December 31, 1976, each of Robin and Dickenson had incurred expenditures of $300,000 and in consideration thereof each of them had received 100,000 shares of Conventures Limited. Robin and Dickenson have agreed that all shares acquired by them, pursuant to the agreement, are acquired as an investment and not with a view to resale or distribution.

In the event Conventures varies its capital structure, Robin and Dickenson are entitled to maintain their proportionate equity interest in Conventures on terms that are the same as, or comparable to, those pertaining to the variation in Conventures' capital structure.

8. ANTI-INFLATION LEGISLATION

The company is subject to restraint of profit margins, prices, dividends and compensation of employees under the terms of the Anti-Inflation Act and Regulations.

9. RECLASSIFICATION

Certain amounts in the 1975 financial statements have been reclassified to conform to the presentation adopted in 1976.

KAM-KOTIA MINES LIMITED

DIRECTORS	A. W. WHITE	Toronto, Ontario
	G. W. WALKEY	Toronto, Ontario
	D. F. BURT Solicitor, Burt, Burt, Wolfe & Bowman	Toronto, Ontario
	J. GEDDES	Mississauga, Ontario
	H. V. WHITE	Toronto, Ontario
	R. A. HALET Consulting Engineer, Halet, Broadhurst & Ogden	Toronto, Ontario
	H. I. MILLER	Willowdale, Ontario
OFFICERS	A. W. WHITE	President
	G. W. WALKEY	Vice-President and General Manager
	H. R. HEARD	Secretary-Treasurer
NEW DENVER DIVISION		
Mine Manager	Wm. HOGG	
Mine Office Address	New Denver, British Columbia	
HEAD OFFICE	390 Bay Street, Suite 1402, Toronto, Ontario. Telephone 361-0402	
TRANSFER AGENTS AND REGISTRAR	Sterling Trust Corporation, Toronto, Ontario Canadian Bank of Commerce Trust Company, New York, N.Y.	
STOCK LISTED	Toronto Stock Exchange — Symbol KKL	
SOLICITORS	Burt, Burt, Wolfe & Bowman, Toronto, Ontario	
AUDITORS	Thorne Riddell & Co., Toronto, Ontario	
BANKERS	Canadian Imperial Bank of Commerce	
ANNUAL MEETING	Monday, May 9, 1977, at 2:00 p.m. (Toronto Time) Confederation Room, Royal York Hotel, Toronto, Ontario.	

KAM-KOTIA MINES LIMITED

(Incorporated under the laws of Ontario)

Consolidated Balance She

ASSETS

	1976	1975
Current Assets		
Cash and short term deposits	$1,124,000	$2,169,000
Marketable securities, at cost (quoted market value 1976, $598,000; 1975, $54,000)	579,000	55,000
Accounts receivable	180,000	161,000
Advances to Consolidated Churchill Copper Corporation Ltd.		260,000
Concentrates on hand and in transit, net	129,000	120,000
	2,012,000	2,765,000
Investments in Mining Companies		
Effectively controlled companies (note 2)	1,439,000	1,646,000
Other companies (note 3)	3,059,000	2,598,000
	4,498,000	4,244,000
Oil and Gas Interests (note 4)	281,000	36,000
Fixed Assets		
Buildings, machinery and equipment	935,000	853,000
Less accumulated depreciation	716,000	639,000
	219,000	214,000
Mining claims and properties, at cost less depletion	30,000	35,000
Land, at cost	13,000	13,000
	262,000	262,000
Other Assets		
Supplies, at average cost	25,000	21,000
Sundry assets	28,000	49,000
	53,000	70,000
	$7,106,000	$7,377,000

s at December 31, 1976

LIABILITIES

	1976	1975
Current Liabilities		
Accounts payable and accrued liabilities	$ 146,000	$ 237,000
B.C. Mineral Land Tax payable		110,000
	146,000	347,000

SHAREHOLDERS' EQUITY

Capital Stock (note 9)		
Authorized — 5,000,000 shares without par value		
Issued — 4,290,000 shares	3,942,000	3,942,000
Retained Earnings	3,018,000	3,088,000
	6,960,000	7,030,000

Approved by the Board:

A. W. WHITE, Director.

JAMES GEDDES, Director.

	$7,106,000	$7,377,000

KAM-KOTIA MINES LIMITED

Consolidated Statement of Income

Year ended December 31, 1976

	1976	1975
Mining		
Revenue		
Metal recovery, gross value	$1,984,000	$1,712,000
Transportation and treatment costs	700,000	543,000
	1,284,000	1,169,000
Expenses		
Exploration and development	364,000	301,000
Mining	398,000	149,000
Milling	226,000	182,000
Mine management, office and general property	195,000	162,000
	1,183,000	794,000
Operating income before undernoted items	101,000	375,000
Depreciation	64,000	49,000
B.C. mineral taxes		84,000
Royalty payable on mineral lease		43,000
	64,000	176,000
Income from mining operations	37,000	199,000
Head office, administration and general	179,000	124,000
Depreciation	13,000	13,000
Write-off of royalty mortgage		10,000
	192,000	147,000
Outside exploration expenditures written off	3,000	55,000
Mining claims written off	5,000	
	200,000	202,000
	(163,000)	(3,000)
Investment and other income		
Dividends from Dickenson Mines Limited	28,000	187,000
Other dividends, interest and royalties	157,000	116,000
Share of losses of effectively controlled companies	(5,000)	(1,000)
Profit on sale of securities	94,000	79,000
	274,000	381,000
Income before extraordinary items	111,000	378,000
Extraordinary items		
Recovery (allowance) on advances to Consolidated Churchill Copper Corporation Ltd.	15,000	(89,000)
Write-off of notes receivable from Davis-Keays Mining Co. Ltd.	(196,000)	
	(181,000)	(89,000)
Net income (loss)	$ (70,000)	$ 289,000
Income (loss) per share		
Income before extraordinary items	$ .026	$.088
Net income (loss)	$(.016)	$.067

KAM-KOTIA MINES LIMITED

Consolidated Statement of Retained Earnings

Year ended December 31, 1976

	1976	1975
Balance at beginning of year	$3,088,000	$2,799,000
Net income (loss)	(70,000)	289,000
Balance at end of year	$3,018,000	$3,088,000

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1976

	1976	1975
Working Capital Derived From		
Operations (note 8)	$ 107,000	$ 427,000
Proceeds from sale of investments	169,000	143,000
Payment on account of notes receivable from Jameland Mines Limited		30,000
Payment on account of notes receivable from Davis-Keays Mining Co. Ltd.	6,000	
Recovery of investment in Davis-Keays Mining Co. Ltd.		90,000
Marketable securities purchased prior to 1975 reclassified as a current asset		24,000
Shares exchanged for oil and gas royalty, Beaufort Sea	125,000	
Other assets	17,000	
Recovery of advance to Consolidated Churchill Copper Corporation Ltd.	15,000	
	439,000	714,000
Working Capital Applied To		
Allowance on advances to Consolidated Churchill Copper Corporation Ltd.		89,000
Additions to fixed assets	82,000	111,000
Increase in investment in other companies (net)	401,000	308,000
Exploration expenditures on oil and gas interests	108,000	86,000
Mining claims		2,000
Other assets		21,000
Oil and gas royalty obtained for shares, including other expenses	140,000	
Reclassification of advances to Consolidated Churchill Copper Corporation Ltd.	260,000	
	991,000	617,000
Increase (decrease) in working capital	(552,000)	97,000
Working capital at beginning of year	2,418,000	2,321,000
Working capital at end of year	$1,866,000	$2,418,000
Represented by		
Current assets	$2,012,000	$2,765,000
Current liabilities	146,000	347,000
	$1,866,000	$2,418,000

KAM-KOTIA MINES LIMITED

Notes to Consolidated Financial Statements

December 31, 1976

1. ACCOUNTING POLICIES

(a) Consolidation policy

These consolidated financial statements include the accounts of the company and all subsidiary companies including certain inactive subsidiaries. The more significant subsidiaries are:

Deebank Limited	100.0%
Cobalt Refinery Limited	100.0%
Carnegie Mining Corporation Limited	68.1%

(b) Accounting for effectively controlled companies

The company follows the practice of accounting for its investments in effectively controlled companies on the equity basis, whereby the company's proportionate share of income and losses is reflected in earnings for the year.

(c) Concentrates on hand and in transit

Shipments for which a final settlement has not been received are included as concentrates on hand and in transit at average cost of production of $262,000 (1975, $209,000). Payments received in advance of final settlement in respect of sales of concentrates amounted to $133,000 at December 31, 1976 (1975, $89,000).

At December 31, 1976 there were 776 tons of concentrate for which final settlements had not been received. The estimated net realizable value of this concentrate is $512,000 (1975, $299,000) less payments received in advance.

(d) Outside exploration

Costs incurred in exploration of outside properties are charged to operations when the company relinquishes its interest in such properties.

(e) Fixed assets

Fixed assets are recorded at cost. Depreciation is recorded in the accounts on the straight line basis at the following annual rates:

Buildings	10%, 25%
Machinery and equipment	25%

2. INVESTMENT IN EFFECTIVELY CONTROLLED COMPANIES

The investment in effectively controlled companies consists of the following:

	1976	1975
Davis-Keays Mining Co. Ltd.		
1,392,050 shares at cost (quoted market value 1976, $251,000; 1975, $515,000)	$3,883,000	$3,883,000
Notes receivable		202,000
	3,883,000	4,085,000
Other		
At cost less amounts written off	60,000	61,000
Share of losses	(5,000)	(1,000)
	55,000	60,000
	3,938,000	4,145,000
Less allowance for decline in value	2,499,000	2,499,000
	$1,439,000	$1,646,000

3. INVESTMENT IN OTHER COMPANIES

	1976	1975
Listed shares		
Dickenson Mines Limited		
570,609 shares (1975, 560,509 shares) at cost (quoted market value 1976, $2,425,000; 1975, $3,083,000)	$2,038,000	$1,941,000
Other listed shares at cost (quoted market value 1976, $210,000; 1975, $135,000)	330,000	266,000
Other shares and advances at cost less amounts written off	803,000	535,000
	3,171,000	2,742,000
Less allowance for decline in value	112,000	144,000
	$3,059,000	$2,598,000

Investments in other companies totalling $1,135,000 were written off against the allowance for decline in value established in prior years.

Included in other shares and advances is an amount of $260,000 that Consolidated Churchill, with the concurrence of Kam-Kotia, provided as an escrow deposit to cover possible royalty liabilities in respect of the Consolidated Churchill operation. The Province of British Columbia has commenced legal proceedings to establish its claim to the royalty. The company believes it has a good defense to this action.

4. OIL AND GAS INTERESTS

	1976	1975
Beaufort Sea	$ 140,000	
Enchant Area, Alberta	100,000	
Grande Prairie, Alberta	27,000	$ 17,000
Operation Trent, Ontario	12,000	16,000
Other interests	2,000	3,000
	$ 281,000	$ 36,000

During the year the company purchased a 1.8% gross overriding royalty from Nitram Exploration Limited (Nitram) for the consideration of 25,000 free shares in the capital stock of Dickenson Mines Limited. The royalty pertains to exploration rights on land covered by three permits in the Beaufort Sea covering a total area of 213,258 acres.

The company has agreed to repurchase 12,500 shares of the said shares of Dickenson Mines Limited at any time during the calendar year ending on December 31, 1977 at a price of $5 per share if requested by Nitram.

5. INCOME TAXES

Development expenditures of approximately $1,594,000 are available to be claimed for tax purposes in future years. This amount consists principally of expenditures made on the Davis-Keays mining property for which shares of Davis-Keays were received and are included in investments.

6. OTHER INFORMATION

Direct remuneration of the company's directors and senior officers (including the five highest paid employees as required by The Business Corporations Act) amounted to $136,000 in 1976 and $124,000 in 1975.

7. ANTI-INFLATION ACT

The company is subject to the Anti-Inflation Act which provides, as from October 14, 1975, for the restraint of profit margin, prices, divdends and compensation. In the opinion of management, the company has complied with the provisions of the Act for the year ended December 31, 1976. No dividends have been paid by the company since June 17, 1970.

8. WORKING CAPITAL DERIVED FROM OPERATIONS

	1976	1975
Income before extraordinary items	$ 111,000	$ 378,000
Items not requiring use of working capital		
Depreciation	77,000	62,000
Write-off of royalty mortgage		10,000
Share of losses of effectively controlled companies	5,000	1,000
Outside exploration expenditures written off	3,000	55,000
Mining claims written off	5,000	
Pofit on sale of securities	(94,000)	(79,000)
Working capital derived from operations	$ 107,000	$ 427,000

9. SUBSEQUENT EVENTS

The directors authorized the granting of options to certain employees and directors of the company and of Mid-North Engineering Services Limited which manages the affairs of the company to purchase a total of 210,000 shares of the capital of the company at $0.60 per share on or before September 30, 1981. These options are subject to approval by the company's shareholders.

AUDITORS' REPORT

To the Shareholders of
Kam-Kotia Mines Limited

We have examined the consolidated balance sheet of Kam-Kotia Mines Limited as at December 31, 1976 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada, THORNE RIDDELL & CO.,
February 25, 1977. Chartered Accountants.

REPORT OF OPERATIONS — SILMONAC MINES 1976

MILL PRODUCTION

	TONS	OZ. SILVER	% LEAD	% ZINC	% CADMIUM
Tons milled	18,402.0	13.35	5.30	4.86	—
Lead concentrates	1,556.25	98.68	59.23	9.14	—
Zinc concentrates	1,367.10	61.91	2.7	49.54	0.37

METAL CONTENT

	SILVER OZS.	LEAD (LB.)	ZINC (LB.)
Total from tons milled	245,666.0	1,950,612.0	1,788,674.4
Lead concentrates	153,567.8	1,843,454.0	284,607.0
Recovery %	62.5	94.2	15.91
Zinc concentrates	84,631.0	—	1,354,517.0
Recovery %	34.45	—	75.7
Overall Recovery	96.95	94.2	91.61

MINING

Ore delivered to mill	19,200 tons
Waste hauled to surface	16,952 tons

DEVELOPMENT

Exploration	
Declines	1,490.5 ft.
Raises	431.0 ft.
Drifts and x-cuts	321.5 ft.
Stope preparation	1,352.0 ft.
Total development	3,595.0 ft.

DIAMOND DRILLING

All underground-26 holes totalling 5,942 ft.

ORE RESERVES

Proven reserves	only minor tonnage
Probable reserves	10,000 tons grade not estimated
Indicated reserves	30,000 tons grade not estimated

LABOUR FORCE

Average labour force for the year was 7 staff and 31 crew.

G. W. WALKEY,
General Manager.

INVESTMENT SCHEDULE

THESE COMPANIES → held shares in THESE COMPANIES ↓ at December 31, 1976	KAM-KOTIA (including Deebank)	Percentage of Outstanding shares	DICKENSON	Percentage of Outstanding shares
Abino Gold Mines Limited	612,091	13.1	1,825,199	36.7
Amalgamated Rare Earth	579,434	11.5		
Cardiff Uranium			374,286	15.6
Canadian Arrow	704,417	19.8		
Carnegie Mining	1,615,018*	68.1		
Cincinnati-Porcupine	2,625,779	41.9		
Craibbe-Fletcher			983,300	27.3
Davis-Keays Mining	1,392,050	38.0		
Deebank Limited	10,003*	100.0		
Dickenson Mines	570,609	16.0		
Duchesne Red Lake			535,500	39.7
Gateford Mines			223,855	10.2
Gateway Uranium	330,000	22.4		
Glencair Mining	721,322	36.1		
Inore Gold Mines	604,000	34.5		
Jameland Mines	1,514,995	30.3	2,025,000	40.5
Kam-Kotia Mines			2,097,608	48.9
Kenwest Mines			1,800,008*	60.0
Laddie Gold Mines	75,000	3.6	885,000	42.3
Langis Silver & Cobalt	67,500	1.7	369,450	9.7
Lithia Mines & Chemicals	680,710*	64.5		
Mareast Explorations	438,000	23.5		
New Cinch Uranium	64,500	3.1	430,000	20.4
New Kelore Mines	417,717	7.5		
Nickel Rim Mines	174,000	2.9	274,000	4.6
Parvus Mines			856,125	46.3
Pidgeon Molybdenum			391,000	23.5
Pleno Mines	948,549	39.2		
Redcon Gold Mines			625,221	18.4
Robin Red Lake			2,322,588*	77.4
Rowan Gold Mines			513,630*	54.1
Silmonac Mines	657,031	22.2		
Tundra Gold Mines	15,000	.4	1,628,588	29.9

*Subsidiary company.